

TORONTO STOCK EXCHANGE

AMENDING FILING STATEMENT NO. 319.
FILED, MAY 26th. 1966.

MILL CITY PETROLEUMS LIMITED

Full corporate name of Company

AMENDING FILING STATEMENT

(To be filed with respect to any change in a Filing Statement filed within a period of six months)

To be read in conjunction with Filing Statement No. 1406 dated January 25, 1966.

<p>Brief statement of the material change in the affairs of the company in respect of which this amending filing statement is filed.</p>	<p>The purchase by the Company of 6,096,694 shares of Permo Gas & Oil Limited for a cash consideration of \$2,255,776.78.</p> <p>See Items 17 and 20.</p>
<p>4. Share capitalization showing authorized and issued and outstanding capital.</p>	<p>Authorized capital - 6,000,000 shares without par value Issued and outstanding capital - 5,587,334 shares</p>
<p>5. Particulars in respect of any bonds, debentures, notes, mortgages, charges, liens or hypothecations outstanding.</p>	<p>Producing properties are hypothecated to the Royal Bank of Canada under Section 82 of the Bank Act as security for a loan in the amount of \$1,250,000.00.</p>
<p>6. Details of any treasury shares or other securities now the subject of any underwriting, sale or option agreement or of any proposed underwriting, sale or option agreement.</p>	<p>On March 18, 1964, the Directors granted share options to four key employees on a total of 270,000 shares of the company at a price of 15¢ per share, exercisable to the extent of 20% per year over a five year period. To date these options have been exercised to the extent of 162,000 shares.</p>
<p>11. Names and addresses of vendors of any property or other assets intended to be purchased by the company showing the consideration to be paid.</p>	<p>Names and addresses of the Vendors to the Company of the 6,096,694 shares of Permo Gas & Oil Limited, are as follows: Mr. Edward H. LaBorde, Calgary, Alberta Mr. Eric Lowick, Calgary, Alberta F. R. Guptill and Atlantic Securities Ltd., Halifax, N.S. Harris Cox Estate, Calgary Ralph Bard Jr., Chicago, Illinois, U.S.A. Greenshields Inc., Montreal, P.Q. Mr. Ross H. Chamberlain, Palo Alto, California, U.S.A. Hitchcock & Chamberlain Ltd., Palo Alto, California, U.S.A. Commonwealth Petroleum Services Ltd. and Associates, Calgary, Alberta Atwell & Co., New York, N.Y., U.S.A. The consideration paid to the Vendors was 37¢ per share</p>
<p>12. Names and addresses of persons who have received or will receive a greater than 5% interest in the shares or other consideration to be received by the vendor. If the vendor is a limited company, the names and addresses of persons having a greater than 5% interest in the vendor company.</p>	<p>F. R. Guptill and Atlantic Securities Ltd., Halifax, N.S. Hitchcock & Chamberlain Ltd., Palo Alto, California, U.S.A. Commonwealth Petroleum Services Ltd. and Associates, Calgary, Alberta Atwell & Co., New York, N.Y., U.S.A.</p>

FINANCIAL STATEMENTS

MILL CITY PETROLEUMS LIMITED
CALGARY, ALBERTA

BALANCE SHEET AS AT MARCH 31, 1966

ASSETS		LIABILITIES	
Current		Current	
Cash in bank	\$	Bank loan - secured	\$
Accounts receivable	\$ 6,464.86	Loans payable	\$1,250,100.00
Accrued interest receivable	130,129.40	Accounts payable	720,000.00
Loan receivable - 6%	8,247.89	Accrued interest payable	80,576.31
Prepaid expenses	90,000.00		1,251.76
Marketable securities	137.19		\$2,051,928.07
Govt. of Canada bonds			
(Market value \$214,506.25)			
at cost			
Guarantee Deposits	194,001.14		
Cash	26,905.15		
Govt. of Canada bonds			
(Market value \$29,400.00)			
at cost	28,174.96		
Investments - at cost	55,080.11		
Shares of and advances to	\$484,060.59		
wholly owned subsidiary company			
Shares of other companies	935.68		
800,000 shares of Dynamic Petro-			
leum Products Ltd. (Market value			
\$3,080,000.00)	190,000.00		
192,000 shares of Royal Canadian			
Ventures Ltd. (Market value			
\$109,440.00)	37,655.10		
6,096,694 shares of Permo Gas &			
Oil Limited (Market value			
\$2,042,392.49)	2,255,776.78		
Other shares (market value			
\$6,415.00)	6,372.00		
	2,489,803.88		
	2,490,739.56		
Property, plant and Equipment -			
at cost			
Petroleum, natural gas and			
mining interests	990,765.52		
Less accumulated depletion	552,613.92		
Well development costs	1,639,574.87		
Less accumulated amortization	877,734.14		
Production equipment	433,530.50		
Less accumulated depreciation	357,842.42		
Office equipment	27,728.89		
Tenants' Improvements	12,693.14		
Automotive equipment & aircraft	101,888.76		
	142,310.79		
Less accumulated depreciation	49,511.76		
Land	92,799.03		
	69.12		
	1,368,548.56		
	\$4,343,348.71		

SHAREHOLDERS' EQUITY

Capital	
Authorized	
6,000,000 shares without nominal	
or par value not to exceed in	
the aggregate on issue \$6,000,000.00.	
Issued	
Balance January 1, 1966 - 5,425,334 shares	\$2,032,365.87
Issued during the period	
for cash	162,000 shares
	24,300.00
	5,587.334
	\$2,056,665.87
Surplus	
Balance January 1, 1966	\$168,736.99
Net profit for the three months	
ended March 31, 1966	66,017.78
Balance March 31, 1966	234,754.77
	2,291,420.64
Contingent Liability	\$244,729.55

Approved on Behalf of the Board:

Raymond Stupak Director
R. Green Director

\$4,343,348.71

MILL CITY PETROLEUMS LIMITED
CALGARY, ALBERTA

STATEMENT OF REVENUE AND EXPENSE
FOR THE THREE MONTHS ENDED MARCH 31, 1966

<u>Revenue</u>		
Sale of crude oil, natural gas and products	\$	\$
less royalties and production expenses		69,526.96
Royalty revenue		207.90
Interest earned		5,477.95
Gain on sale of petroleum and natural gas interests		42,889.87
Gain on sale of Fixed Assets		11,130.00
Gain on sale of Investments		11,367.24
Options granted on P. and N. G. interests		53,800.00
		<u>\$194,399.92</u>
<u>Expenses - per schedule</u>		
Administrative less recoveries	32,422.77	
Technical	38,894.59	
Petroleum and natural gas interests	<u>11,003.56</u>	82,320.92
<u>Net Profit Before Depletion, Amortization, Depreciation and write-off of Abandoned Properties</u>		
		112,079.00
<u>Provision For:</u>		
Depletion of Petroleum and natural gas interests	5,599.66	
Amortization of well development costs	19,534.38	
Depreciation of equipment	<u>14,674.61</u>	<u>39,808.65</u>
		72,270.35
<u>Abandonments</u>		
Petroleum and natural gas interests		<u>6,252.57</u>
		222.24
<u>Net Profit</u>		<u>\$ 66,017.78</u>

MILL CITY PETROLEUMS LIMITED
Calgary, Alberta

SCHEDULE OF EXPENSES
For the Three Months Ended March 31, 1966

<u>Administrative</u> (before charges to operations and associated companies as shown below)		
Aircraft	\$ 2,549.62	\$
Auto expense	1,373.37	
Advertising and publicity	1,261.51	
Bank charges	6.44	
Business promotion	715.60	
Business tax	1,508.12	
Filing and Listing Fees	301.25	
Group Insurance	473.24	
Interest	1,443.78	
Janitor Service	375.00	
Legal Fees	76.20	
Maintenance and Repairs	31.00	
Membership Fees	380.00	
Miscellaneous	244.52	
Pension Plan	2,609.25	
Postage and express	222.24	
Printing and stationery	962.97	
Rent	3,480.00	
Staff Welfare	31.60	
Subscriptions and publications	2.95	
Utilities	112.50	
Wages and salaries	27,060.51	
Telephone and telegraph	1,621.35	
Transfer agents' fees and expenses	476.17	
Travel	371.41	
Unemployment Insurance	49.92	
Workmen's Compensation	<u>46.50</u>	
	\$ 47,787.02	
<u>Administrative Expenses charged to Operations and Associated Companies</u>	<u>15,364.25</u>	<u>\$ 37,422.77</u>
<u>Technical</u>		
Geological Reports and Expense	\$ 38,195.65	
Maps	223.60	
Technical publications and subscriptions	<u>475.34</u>	<u>\$ 38,894.59</u>
<u>Petroleum and Natural Gas Interests</u>		
Rentals	\$ 10,983.56	
Filing and Transfer Fees	<u>20.00</u>	<u>\$ 11,003.56</u>

MILL CITY PETROLEUMS LIMITED
CALGARY, ALBERTA

STATEMENT OF SOURCE AND APPLICATION OF FUNDS
FOR THE THREE MONTHS ENDED MARCH 31, 1966

<u>Source of Funds</u>		
Net proceeds from production after providing for royalties and operating costs	\$ 69,526.96	\$
Royalty revenue	207.90	
Sale of petroleum and natural gas interests including wells and production equipment	66,911.64	
Sale of securities	17,247.14	
Interest earned	5,477.95	
Options granted on P. & N. G. interests	53,800.00	
Sale of Treasury Stock	24,300.00	
Sale of Aircraft	<u>47,130.00</u>	284,601.59
<u>Application of Funds</u>		
Administrative expense, less recoveries	32,422.77	
Technical expense	38,890.59	
Petroleum, natural gas and mining interest expenses	11,007.56	
Purchase of 6,096,694 shares of Permo Gas & Oil Limited	2,255,776.78	
Well development costs	7,917.35	
Production equipment	2,606.19	
Office furniture and equipment	1,305.69	
Petroleum, natural gas and mining interests	19,556.61	
Aircraft	87,130.00	
Advances to subsidiary company	<u>225.36</u>	<u>2,456,613.54</u>
<u>Net Decrease in Working Capital</u>		<u>\$ 2,172,237.31</u>

Approved on Behalf of the Board

Roger Blough Director
R.C. Brown Director

MILL CITY PETROLEUMS LIMITED, CALGARY, ALBERTA

BALANCE SHEET AS AT DECEMBER 31st, 1965

A S S E T S

CURRENT

Cash in Bank	96,994.37
Short Term Deposits	160,000.00
Accounts Receivable (Note 1)	144,329.23
Accrued Interest Receivable	11,210.03
Prepaid Expenses	137.19
Marketable Securities	
Government of Canada Bonds	
(Market Value \$41,160.00) at Cost	35,859.00
Guarantee Deposits	
Cash	10,925.00
Government of Canada Bonds	
(Market Value \$203,140.00) at Cost	186,317.10
	197,242.10

INVESTMENTS - At Cost

Shares of and advances to	
Wholly Owned Subsidiary Company (Note 2)	710.32
Shares of Other Companies	
800,000 Shares of Dynamic Petroleum	
Products Ltd. (Market Value	190,000.00
\$1,080,000.00)	
222,000 Shares of Royal Canadian	
Ventures Ltd. (Market Value	43,535.00
\$66,000.00)	
Other Shares (Market Value \$5,740.)	6,372.00
	239,907.00

PROPERTY, PLANT & EQUIPMENT - At Cost

Petroleum, Natural Gas and	979,799.32
Mining Interests	547,945.46
Less Accumulated Depletion	431,853.86
Well Development Costs	1,645,515.63
Less Accumulated Amortization	859,790.01
Production Equipment	446,344.00
Less Accumulated Depreciation	356,777.97
Office Equipment	26,524.70
Tenants' Improvements	12,593.14
Automotive Equipment & Aircraft	50,758.76
	89,976.60
Less Accumulated Depreciation	41,075.52
Land	48,901.08
	69.12
	1,356,115.71
	2,242,504.95

L I A B I L I T I E S

CURRENT

Bank Loan - Secured	100.00
Accounts Payable	40,555.10
Accrued Interest Payable	746.99
	41,402.09

SHAREHOLDERS' EQUITY

CAPITAL (Note 3)

Authorized

6,000,000 Shares without nominal or par value -	
not to exceed in the aggregate on issue	
\$6,000,000.00	

Issued

5,425,334 Shares

SURPLUS

Deficit January 1st, 1965	(108,264.87)
Adjustment of Inventory written off	
in prior years	2,181.89
Net Profit for the Year ended	
December 31st, 1965	274,819.97

Surplus December 31st, 1965

168,736.99

2,201,102.86

CONTINGENT LIABILITY (Note 4)

244,729.55

APPROVED ON BEHALF OF THE BOARD:-

Ray McLaughlin DIRECTOR

R. C. Brown DIRECTOR

2,242,504.95

This is the Balance Sheet referred to in the accompanying report of IRELAND & IRELAND, CHARTERED ACCOUNTANTS, dated April 25th, 1966.

Ireland & Ireland

Chartered Accountants

Calgary

MILL CITY PETROLEUMS LIMITED
CALGARY, ALBERTA.

STATEMENT OF REVENUE AND EXPENSES
FOR THE YEAR ENDED DECEMBER 31st, 1965

REVENUE

Crude Oil Sales, Less Royalties, 141,396 barrels	333,158.64	
Natural Gas Sales, Less Royalties, 946,564 M.C.F.	122,148.15	
Condensate and other by-products, Less Royalties	<u>20,713.13</u>	
	476,019.92	
Less Production and Processing Costs	<u>122,877.77</u>	353,142.15
Royalty Revenue		1,428.72
Interest Earned		21,663.62
Dividends from Canadian Corporations		1,533.45
Gain on Sale of Petroleum and Natural Gas Interests		325,637.46
Options Granted on Petroleum & Natural Gas Interests		28,800.00
Gain on Disposal of Fixed Assets		1,643.38
Gain on Sale of Investments		1,495.50
Loss on Sale of Government of Canada Bonds		<u>(2,523.90)</u>
		732,820.38

EXPENSES - Per Schedule

Administration, Less Recoveries	109,616.36	
Technical	40,261.68	
Petroleum and Natural Gas Interests	51,339.34	
Mining Interests	<u>32,676.99</u>	233,894.37

Net Profit before Depletion, Amortization, Depreciation and Write-Off of Abandoned Properties	498,926.01
--	------------

Provision For:-

Depletion of Petroleum and Natural Gas Interests	22,398.63	
Amortization of Well Development Costs	87,302.85	
Depreciation of Equipment	<u>58,083.86</u>	167,785.34
		331,140.67

ABANDONMENTS

Petroleum and Natural Gas Interests	4,243.17	
Well Development	<u>52,077.53</u>	56,320.70

Net Profit	274,819.97
------------	------------

Ireland & Ireland

Chartered Accountants

Calgary

MILL CITY PETROLEUMS LIMITED
CALGARY, ALBERTA.

SCHEDULE OF EXPENSES
FOR THE YEAR ENDED DECEMBER 31st, 1965

ADMINISTRATIVE (Before Charges to Operations and
Associated Companies as Shown Below)

Aircraft Expense	9,963.09	
Annual Meeting Expense	2,363.93	
Auto Expense	3,400.09	
Audit & Accounting	1,225.00	
Advertising & Publicity	1,414.97	
Bank Charges	46.09	
Business Promotion	5,096.19	
Business Tax	1,508.12	
Directors Fees	500.00	
Donations	6,876.00	
Filing Fees	35.90	
Group Insurance	1,583.23	
Insurance	54.53	
Interest	4,657.55	
Janitor Service	1,500.00	
Legal Fees	902.65	
Maintenance and Repairs	402.41	
Membership Fees	98.00	
Miscellaneous	686.46	
Pension Plan	8,124.50	
Postage & Express	497.89	
Printing & Stationery	2,592.28	
Rent	13,999.60	
Staff Welfare	1,484.00	
Subscriptions & Publications	177.00	
Utilities	450.00	
Salaries - Directors and Officers	38,800.00	
- Others	<u>64,480.96</u>	103,280.96
Telephone & Telegraph	5,081.64	
Transfer Agents Fees & Expenses	2,565.00	
Travel	1,827.03	
Unemployment Insurance	216.78	
Workmen's Compensation	<u>24.95</u>	182,637.14
Administrative Expenses Charged to Operations and Associated Companies	<u>73,020.78</u>	109,616.36

TECHNICAL

Geological Reports & Expense	36,696.14	
Maps	1,005.29	
Technical Publications & Subscriptions	<u>2,560.25</u>	40,261.68

PETROLEUM AND NATURAL GAS INTERESTS

Rentals	50,282.35	
Filing & Transfer Fees	19.84	
Taxes	12.36	
Exploration Costs	<u>1,024.79</u>	51,339.34

MINING INTERESTS

Rentals	20,338.75	
Transfer & Filing Fees	58.00	
Prospecting & Exploration	3,982.25	
Geological Reports & Expense	<u>8,297.99</u>	32,676.99

MILL CITY PETROLEUMS LIMITED
 CALGARY, ALBERTA

SCHEDULE OF FIXED ASSETS AND ACCUMULATED DEPLETION

AMORTIZATION AND DEPRECIATION

FOR THE YEAR ENDED DECEMBER 31st, 1965

	FIXED ASSETS			RESERVE FOR DEPLETION					Book Value Dec. 31/65
	Balance Jan. 1/65	Additions	Deductions	Balance Jan. 1/65	Deductions	Rate	Provision Amount	Balance Dec. 31/65	
P. & N.G. Interests	861,879.20	137,253.00	20,097.88	979,034.32	527,990.54	2,443.71	22,398.63	547,945.46	431,088.86
Mining Interests		765.00		765.00					765.00
Well Development Costs	1,630,472.72	120,568.44	105,525.53	1,645,515.63	811,864.19	39,377.03	10% 87,302.85	859,790.01	785,725.62
Production Equipment	434,613.75	42,821.05	31,634.49	445,800.31	332,573.45	14,435.09	30% 38,298.59	356,436.95	89,363.36
Field Equipment	543.69			543.69	254.16		30% 86.86	341.02	202.67
Furniture & Fixtures	24,749.68	3,445.02	1,670.00	26,524.70	9,305.31	1,175.00	20% 3,678.88	11,809.19	14,715.51
Tenants' Improvements (Office)	12,066.57	686.57		12,693.14	2,361.77		1/8 1,291.41	3,653.18	9,039.96
Autos & Trailers	10,066.70	9,667.00	4,975.00	14,758.76	3,020.03	475.00	30% 3,664.12	6,209.15	8,549.61
Aircraft	23,600.00	59,900.00	47,500.00	36,000.00	9,440.00	1,100.00	40% 11,064.00	19,404.00	16,596.00
					356,954.72	17,185.09	58,083.86	397,853.49	138,467.11
Land (Plant Sites)	69.12			69.12					69.12
	2,998,001.49	375,106.08	211,402.90	3,161,704.67	1,696,809.45	59,005.83	167,785.34	1,805,588.96	1,356,115.71

Ireland & Ireland

Chartered Accountants

Calgary

MILL CITY PETROLEUMS LIMITED
CALGARY, ALBERTA

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31st, 1965

1. Debts Owed By Shareholders

Included in Accounts Receivable is an amount of \$43,670.78 owing to the Company by a Shareholder Corporation, Royal Canadian Ventures Ltd.

2. Subsidiary Company

Mill City Petroleum (U.K.) Ltd. was incorporated in the United Kingdom on January 20th, 1965. Funds advanced amounting to \$710.32 were used to pay incorporation costs of \$451.10 and for acquisition and carrying costs of \$259.22 in connection with petroleum and natural gas prospecting permits. No other transactions were entered into by the subsidiary company during the year.

3. Share Options

Pursuant to an agreement dated March 18th, 1964, stock options to Directors who are full-time key employees were outstanding at December 31st, 1965, to purchase 270,000 shares at a price of 15 cents per share as follows:-

54,000	Shares on or after March 18th, 1964
54,000	Shares on or after March 18th, 1965
54,000	Shares on or after March 18th, 1966
54,000	Shares on or after March 18th, 1967
54,000	Shares on or after March 18th, 1968

These options expire March 19th, 1969. Subsequent to the year end options on 162,000 of these shares were exercised.

4. Contingent Liabilities

The Company has issued promissory notes, guaranteed by its bankers, in the total amount of \$244,729.55 in favour of the Receiver General of Canada which are held by the Government of Canada in lieu of guarantee deposits in connection with petroleum and natural gas permits.

5. Events Subsequent to the Date of the Financial Statements

The Company acquired 6,096,694 shares of Permo Gas & Oil Limited for a cash consideration of \$2,255,776.78 and 600,000 shares of Royal Canadian Ventures Ltd. for a cash consideration of \$160,000.00.

6. Income Taxes

No provision has been made for taxes on income since the Company has expended more than sufficient amounts on drilling and exploration costs which may, for income tax purposes, be applied against the reported earnings so that no income taxes are exigible.

MILL CITY PETROLEUMS LIMITED

Statement of Material Changes since date of Balance Sheet from March 31, 1966
to April 25, 1966

Cost

Purchase of 600,000 shares of Royal Canadian Ventures Ltd. \$ 160,000.00

Sale of Government of Canada 3% Bonds
(sale price - \$102,550.00) 89,196.87

Approved on Behalf of the Board of Directors:

Roger Blough Director
Frank Brown Director

17. If assets include investments in the shares or other securities of other companies, give an itemized statement thereof showing cost or book value and present market value.

Investments - Shares of Other Companies

Balance as at December 31, 1965		\$ 239,907.00
Purchased		
6,096,694 shares of Permo Gas & Oil Limited	\$ 2,255,776.78	
500 shares of Spooner Mines & Oils Limited	57.50	
600,000 shares of Royal Canadian Ventures Ltd.	160,000.00	2,415,834.28
		2,655,741.28
Sold		
30,000 shares of Royal Canadian Ventures Ltd. (sale price-\$16,950.00)	5,879.90	
500 shares of Spooner Mines & Oils Limited (sale price-\$354.64)	57.50	5,937.40
Balance as at April 25, 1966		\$ 2,649,803.88

Investments as at April 25, 1966	Cost	Market Value
3 shares of Alberta Gas Trunk Lines Class "B" East Leduc Syndicate	15.00	15.00
25,000 shares of Dynalta Oil & Gas Co. Ltd.	2.00	Nil
50 shares of Manitoba & Saskatchewan Coal Ltd.	6,125.00	6,250.00
800,000 shares of Dynamic Petroleum Products Ltd.	230.00	150.00
	190,000.00	3,320,000.00
6,096,694 shares of Permo Gas & Oil Limited	2,255,776.78	1,829,008.20
792,000 shares of Royal Canadian Ventures Ltd.	197,655.10	451,440.00
	\$ 2,649,803.88	\$ 6,058,303.20

Subsidiary Company - Mill City Petroleums (U.K.) Limited		
2 shares at cost	\$	\$ 6.04
Advances re incorporation costs	445.06	
Advances re petroleum and natural gas interests	484.58	929.64
		\$ 935.68

20. Statement of any other material facts and if none, so state. Also state whether any shares of the company are in the course of primary distribution to the public.

By an Agreement dated March 17, 1966, Mill City farmed out to Banff Oil Ltd., Petroleum and Natural Gas Reservation No. 761, containing 12,160 acres and Petroleum and Natural Gas Lease No. 6050, containing 640 acres, both in the Rainbow Lake area of Alberta, for a cash consideration of \$25,000.00, and a commitment to carry out a minimum of \$40,000.00 in seismic work on Reservation No.761, and an adequate seismic survey on P. & N. G. Lease No. 6050. In consideration of carrying out these work commitments, Banff was granted the option to earn an undivided 50% interest in the farmout lands by drilling a Precambrian test on each parcel. No interest will be earned by Banff Oil until the test wells are drilled.

DATED April 25, 1966

CERTIFICATE OF THE COMPANY

The foregoing, together with the financial information and other reports where required, constitutes full, true and plain disclosure of all material facts in respect of the matters referred to in Item 1 above and in respect of the company's affairs and there is no further material information applicable. (To be signed by two principal signing officers who are directors and the corporate seal to be affixed.) MILL CITY PETROLEUMS LIMITED

"R.D. Paugh" President

"R.C. Brown" Secretary-Treasurer

CORPORATE SEAL

CERTIFICATE OF UNDERWRITER OR OPTIONEE

To the best of my knowledge, information and belief, the foregoing, together with the financial information and the reports where required, constitutes full, true and plain disclosure of all material facts in respect of the matters referred to in Item 1 above and in respect of the company's affairs. Concerning matters which are not within my knowledge, I have relied upon the accuracy and adequacy of the information supplied to me by the company. (To be signed by underwriter or optionee registered with the Ontario Securities Commission or a corresponding body.)

THE TORONTO STOCK EXCHANGE

FILING STATEMENT NO. 1406.
FILED, FEBRUARY 3rd. 1966.

MILL CITY PETROLEUMS LIMITED

Full corporate name of Company
Incorporated under the Dominion Companies Act by Letters Patent
August 7, 1929

Particulars of incorporation (e.g., incorporated under Part IV of the Corporations Act, 1953
(Ontario) by Letters Patent dated May 1st, 1957).

FILING STATEMENT

Reference is made to previous
Filing Statement No. 1136.

(To be filed with respect to any material change in a company's affairs, including among other things,
an underwriting and option agreement, an issue of shares for property and a proposed re-organization.)

1. Brief statement of the material change in the affairs of the company in respect of which this statement is filed.	<p>(1) Sales and/or farmouts of Petroleum and Natural Gas Reservations netting the Company \$416,676.26 cash.</p> <p>(2) Purchase of 222,000 shares of Royal Canadian Ventures Ltd. for investment through the Vancouver Stock Exchange for \$43,535.00.</p> <p>(3) The purchase of 200,000 treasury shares of Royal Canadian Ventures Ltd. at 25¢ per share, with a 90 day option on 200,000 shares at 25¢ per share, and a 180 day option on 200,000 shares at 30¢ per share, all prices net to the treasury.</p> <p>See Schedule "A" on page 2.</p>
2. Head office address and any other office address.	210 Fina Building, 736 - 8th Avenue S.W., Calgary, Alberta.
3. Names, addresses and chief occupations for the past five years of present or proposed officers and directors.	<p>ROGER D. PAUGH, President and Director - Petroleum Accountant 24 Cardiff Place, Calgary, Alberta</p> <p>FRANK BROWN, Vice-President and Director - Oil Company Executive 16 Massey Place, Calgary, Alberta</p> <p>R. CLIVE BROWN, Secretary-Treasurer and Director - Petroleum Engineer 24 Massey Place, Calgary, Alberta</p> <p>A. P. NEWALL Jr., Director - Oil Company Executive 7607 - 7th St. S.W., Calgary, Alberta</p> <p>A. P. NEWALL Sr., Director - Stock Broker 702 Centre A St. N.W., Calgary, Alberta</p>
4. Share capitalization showing authorized and issued and outstanding capital.	Authorized capital - 6,000,000 shares without par value Issued and outstanding capital - 5,425,334 shares
5. Particulars in respect of any bonds, debentures, notes, mortgages, charges, liens or hypothecations outstanding.	Producing properties are hypothecated to the Royal Bank of Canada under Section 82 of the Bank Act as security for a loan.
6. Details of any treasury shares or other securities now the subject of any underwriting, sale or option agreement or of any proposed underwriting, sale or option agreement.	On March 18, 1964, the Directors granted share options to four key employees on a total of 270,000 shares of the company at a price of 15¢ per share, exercisable to the extent of 20% per year over a five year period.
7. Names and addresses of persons having any interest, direct or indirect in underwritten or optioned shares or other securities or assignments, present or proposed, and, if any assignment is contemplated, particulars thereof.	<p>Roger D. Paugh, 24 Cardiff Place, Calgary, Alberta</p> <p>Frank Brown, 16 Massey Place, Calgary, Alberta</p> <p>R. Clive Brown, 24 Massey Place, Calgary, Alberta</p> <p>A. P. Newall Jr., 7607 - 7th St. S.W., Calgary, Alberta</p>
8. Any payments in cash or securities of the company made or to be made to a promoter or finder in connection with a proposed underwriting or property acquisition.	None.
9. Brief statement of company's future development plans, including proposed expenditure of proceeds of sale of treasury shares, if any.	<p>(1) The Company plans to continue its geological evaluation of its own large holdings of P. & N. G. rights in Western Canada, and also to evaluate and if warranted, to drill attractive looking prospects.</p> <p>(2) To participate in the exploration and evaluation of approximately 200 mineral claims in the Greenwood and Peachland areas of British Columbia.</p>
10. Brief statement of company's chief development work during past year.	During the past year, the Company drilled or participated in the drilling of 5 wells; 2 in the Chancellor area; 1 in the Ukalta area; 1 in the Keystone area; all in Alberta: 1 in the Midale area of Saskatchewan. This resulted in 1 commercial gas well, 1 commercial oil well, 1 marginal oil well, and 2 abandonments.

SCHEDULE "A"

SCHEDULE OF TRANSACTIONS INVOLVING SALE AND/OR FARMOUT OF INTERESTS OF
MILL CITY PETROLEUMS LIMITED IN PETROLEUM AND NATURAL GAS PROPERTIES

(1) The California Standard Company

By agreement dated December 30, 1964, Mill City and associates farmed out to The California Standard Company P. and N. G. Reservations Nos. 480, 481 and 562, retaining a gross overriding royalty of 2½% and receiving a bonus. Mill City's share amounted to \$13,652.76.

(2) The British American Oil Company Limited

By agreement dated March 3, 1965, Mill City and associates sold to The British American Oil Company Limited P. and N. G. Reservation No. 475. Mill City's share amounted to \$12,168.50.

(3) Transalta Minerals Ltd.

By agreement dated March 3, 1965, Mill City and associates farmed out to Transalta Minerals Ltd. P. and N. G. Reservations Nos. 474, 476, 477, 478, 479, 482, 483, 484, 520 and 521, retaining a gross overriding royalty of 2½% and receiving a bonus. Mill City's share amounted to \$15,235.35. Later, the gross overriding royalty of 2½% was sold to Transalta Minerals Ltd., by Mill City and associates, Mill City's share being \$29,319.45. By agreement dated April 9, 1965, Mill City sold P. and N. G. Reservation No. 525 to Transalta, receiving a bonus in the amount of \$1,000.00.

(4) Imperial Oil Enterprises Ltd.

By agreement dated March 12, 1965, Mill City farmed out to Imperial Oil Enterprises Ltd. P. and N. G. Reservations Nos. 645 to 649 inclusive, retaining a gross overriding royalty of 2½%, and receiving a bonus in the amount of \$75,000.00. On June 7, 1965, Mill City farmed out to Imperial P. and N. G. Reservations Nos. 616 and 617, retaining a gross overriding royalty of 2½% and receiving a cash bonus which amounted to \$75,000.00. On January 14, 1966, Mill City and associates farmed out to Imperial Exploratory Permits Nos. 4151 to 4154 inclusive; 4156 to 4160 inclusive, 4553, 4554, 4560 and 4561, retaining a gross overriding royalty of 2½%, and receiving a bonus. Mill City's share of this bonus was \$44,000.00.

(5) Socony Mobil Oil of Canada Ltd.

By agreement dated March 24, 1965, Mill City farmed out to Socony Mobil Oil of Canada Ltd. P. and N. G. Reservation No. 644, retaining a gross overriding royalty of 2½%, and receiving a bonus in the amount of \$22,500.00.

(6) Shell Canada Limited

By agreement dated June 2, 1965, Mill City farmed out to Shell Canada Limited Saskatchewan Petroleum and Natural Gas Exploration Permits Nos. 1496 to 1499 inclusive, retaining a gross overriding royalty of 2½%, and receiving a bonus in the amount of \$50,000.00.

(7) Home Oil Company Limited

By agreement dated December 1, 1965, Mill City gave Home Oil Company an option to purchase P. & N. G. Reservations Nos. 514 and 524. Bonus received by Mill City for this option was \$28,800.00.

(8) Canadian Superior Oil Ltd.

By agreement dated December 23, 1965, Mill City gave Canadian Superior Oil Ltd. the right to earn 50% interest in P. and N. G. Reservations Nos. 642 and 643 by expenditure of certain funds in exploratory work. Bonus paid to Mill City was \$50,000.00

Total bonuses \$ 416,676.26

SCHEDULE "B"

INTERLOCKING INTERESTS OF DIRECTORS AND OFFICERS

The following table indicates the number of shares held and the nature of the interests of Directors and Officers of Mill City Petroleum Limited, Dynamic Petroleum Products Ltd. and Royal Canadian Ventures Ltd. in each Company as at January 25, 1966:

<u>Name</u>	<u>Shares Held</u>	<u>Mill City</u>	<u>Shares Held</u>	<u>Dynamic</u>	<u>Shares Held</u>	<u>R. C. V.</u>
Frank Brown, Calgary	30,000	Vice-President Director	455,326	President Director	5,000	Vice-President Director
Robert Clive Brown, Calgary	30,000	Secretary- Treasurer Director	455,326	Secretary- Treasurer Director	20,000	Secretary-Treasurer Director
Archibald Park Newall Jr., Calgary	30,000	Director	455,326	Director	10,000	President Director
Roger D. Paugh, Calgary	27,000	President Director	12,500	Vice-President Director	25,000	- - -
Archibald Park Newall Sr., Calgary	2,000	Director	5,000	- - -	Nil	- - -

MILL CITY PETROLEUMS LIMITED

CALGARY, ALBERTA

BALANCE SHEET AS AT SEPTEMBER 30, 1965

[illegible]

MILL CITY PETROLEUMS LIMITED
CALGARY, ALBERTA

STATEMENT OF REVENUE AND EXPENSE
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1965

<u>Revenue</u>		
Sale of Crude Oil, Natural gas and by products, less royalties and production expenses		\$262,849.70
Royalty revenue		1,148.89
Interest earned		13,138.47
Dividends from Canadian Corporations		1,532.55
Gain on sale of Petroleum and Natural Gas Interests		276,135.46
Gain on disposal of Fixed Assets		1,643.38
Loss on sale of Investments		(2,241.21)
		<u>\$554,207.24</u>
<u>Expenses - per schedule</u>		
Administrative less recoveries	\$73,424.70	
Technical	24,111.87	
Petroleum and Natural gas and Mining Interests	<u>71,734.25</u>	<u>169,270.82</u>
<u>Net Profit Before Depletion, Amortization, Depreciation and Write-off of Abandoned Properties</u>		
		\$384,936.42
<u>Provision For</u>		
Depletion of Petroleum and Natural Gas Interests	\$22,267.16	
Amortization of Well Development Costs	63,531.05	
Depreciation of equipment	<u>42,981.35</u>	<u>128,779.56</u>
		<u>\$256,156.86</u>
<u>Abandonments</u>		
Petroleum and Natural gas Interests	\$ 4,233.17	
Well Development	<u>28,848.78</u>	<u>33,081.95</u>
<u>Net profit</u>		<u><u>\$223,074.91</u></u>

SCHEDULE OF EXPENSES
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1965

<u>Administrative (Before charges to Operations and Associated Companies as shown below)</u>		
Aircraft	\$ 6,610.13	
Annual Meeting expense	2,363.53	
Auto expense	1,861.25	
Audit & Accounting	1,225.00	
Advertising & Publicity	39.34	
Bank Charges	33.07	
Business Promotion	3,165.31	
Business Tax	1,508.12	
Donations	315.00	
Filing & Listing Fees	35.50	
Group Insurance	1,190.05	
Insurance	54.63	
Interest	4,469.06	
Janitor Service	1,125.00	
Legal Fees	1,717.65	
Maintenance & Repairs	148.41	
Membership Fees	107.00	
Miscellaneous	1,709.65	
Pension Plan	6,116.00	
Postage & Express	375.91	
Printing & Stationery	1,983.75	
Rent	10,440.00	
Utilities	337.50	
Wages & Salaries	76,636.21	
Telephone & Telegraph	3,415.78	
Transfer Agents' Fees & Expenses	2,077.59	
Travel	1,709.52	
Unemployment Insurance	167.82	
Workmen's Compensation	24.95	
	<u>\$130,962.73</u>	
<u>Administrative Expenses Charged to Operations And Associated Companies</u>		
	<u>\$ 57,533.03</u>	<u>\$73,424.70</u>
<u>Technical</u>		
Geological Reports and Expense	\$ 21,759.97	
Maps	888.75	
Technical Publications and Subscriptions	<u>1,463.15</u>	<u>\$24,111.87</u>
<u>Petroleum and Natural Gas and Mining Interests</u>		
Rentals P. & N. G.	\$ 46,194.00	
Rentals - Mining	24,494.00	
Filing and Transfer Fees	17.50	
Exploration Costs	<u>1,028.75</u>	<u>\$71,734.25</u>

MILL CITY PETROLEUMS LIMITED

CALGARY, ALBERTA

STATEMENT OF SOURCE AND APPLICATION OF FUNDS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1965

Source of Funds

Net proceeds from production after providing for royalties and operating costs	\$262,849.70	
Royalty revenue	1,148.89	
Interest earned	13,138.47	
Dividends from Canadian Corporations	1,532.55	
Sale of petroleum and natural gas interests	289,053.46	
Sale of securities	72,433.50	
Adjustment of inventory written off prior years	2,164.00	
Sale of automotive equipment & aircraft	25,000.00	
Sale of developed wells	14,067.12	
Sale of production equipment	6,397.48	\$687,785.17

Application of Funds

Administrative expense less recoveries	73,424.70	
Technical expense	24,111.87	
Petroleum and natural gas and mining interests expense	71,734.25	
Marketable securities	88,596.00	
Petroleum and natural gas and mining interests	127,270.33	
Well development costs	71,388.02	
Production equipment	24,503.75	
Office furniture and equipment	2,781.12	
Leasehold improvements	686.57	
Loss on sale of Government of Canada Bonds	2,523.90	
Automotive equipment & aircraft	47,067.00	534,087.31

Net Increase In Working Capital 153,697.66

APPROVED ON BEHALF OF THE BOARD

Roger Stange Director

K. C. Brown Director

NOTES TO FINANCIAL STATEMENTS

- (a) The amount of \$127,270.33 was for acquisition of petroleum and natural gas and mining interests in the normal course of business and consisted of the following:

From the Government of the Province of Alberta		
P. & N. G. Lease No. 5412	\$	7,612.00
5411		7,026.00
6050		97,929.00
4608		10.00
P. & N. G. Reservations - various		6,585.00
From the Government of the Province of Saskatchewan		
Potash Permits		100.00
Coal Prospecting Permits		120.00
From the Government of Canada		
P. & N. G. Permits - various		6,708.33
Other		
Mining interests		1,180.00
	\$	127,270.33

- (b) The \$57,538.03 shown as Administrative Expenses charged to operations and associated company was as follows:

Dynamic Petroleum Products Ltd.	\$	3,603.12	
Royal Canadian Ventures Ltd.		5,364.50	
Dynalta Oil & Gas Co. Ltd.		1,521.37	
Dynamic Power Corporation Ltd.		5,905.25	
Crusade Petroleum Corporation Limited		3,600.00	
Angier Petroleum Corporation Limited		10,666.39	\$ 30,660.63

Joint venture projects in which the company holds varying interests including both operational and capital projects 26,877.40

\$ 57,538.03

The expense allocated to the associated companies is the cost of specific services or expenses where they can be identified and a general charge for unallocated administrative services commensurate with the value of such services rendered to the associated company.

STATEMENT OF MATERIAL CHANGES IN THE BALANCE SHEET
SINCE SEPTEMBER 30, 1965

There have been no material changes since the date of the Balance Sheet, dated September 30, 1965, other than those items disclosed elsewhere in the Filing Statement, with the exception of the purchase of an aircraft at a price of \$40,000.00 in excess of the trade-in value of an aircraft owned previously.

ON BEHALF OF THE BOARD OF
MILL CITY PETROLEUMS LIMITED

Roger Stangh Director
R. C. Brown Director

MILL CITY PETROLEUMS LIMITED
RECONCILIATION OF INVESTMENT ACCOUNT

Cost of securities on hand June 30, 1965		
Shares of other companies	\$ 259,487.86	\$
Government of Canada bonds	<u>222,176.10</u>	481,663.96
Changes from June 30 to September 30, 1965		
Purchased 20,300 shares of Dynamic Petroleum Products Ltd.	20,946.50	
Sold 10,000 shares of Dynamic Petroleum Products Ltd.	<u>10,616.50</u>	10,330.00
(Sale Price \$10,455.00)		
Sold 34,000 shares of Yellowknife Bear Mines Ltd. (Sale Price \$56,189.50)	(56,163.17)	
Sold 100 shares of Calgary Power Ltd. (Sale Price \$2,394.00)	<u>(2,067.50)</u>	<u>(58,230.67)</u>
Balance as at September 30, 1965		
Shares of other companies shown on Balance Sheet under "Investments"	211,587.19	
Government of Canada Bonds included on Balance Sheet under "Current Assets"	<u>222,176.10</u>	433,763.29
Changes from September 30 to December 31, 1965		
Purchased 4,000 shares of Dynalta Oil & Gas Co. Ltd.	895.00	
Purchased 222,000 shares of Royal Canadian Ventures Ltd.	<u>43,535.00</u>	44,430.00
Sold 10,300 shares of Dynamic Petroleum Products Ltd. (Sale Price \$11,391.75)	(10,330.00)	
Sold 3,500 shares of Yellowknife Bear Mines Ltd. (Sale Price \$5,931.25)	<u>(5,780.19)</u>	(16,110.19)
Balance as at December 31, 1965		
Shares of other companies	239,907.00	
Government of Canada Bonds	<u>222,176.10</u>	<u>\$ 462,083.10</u>
(No change to date of Filing Statement - January 25, 1966)		

SCHEDULE OF INVESTMENTS AT COST

3 shares Class "B" Alberta Gas Trunk Line Ltd.	\$ 15.00	
East Leduc Syndicate	2.00	
25,000 shares of Dynalta Oil & Gas Co. Ltd.	6,125.00	
800,000 shares of Dynamic Petroleum Products Ltd.	190,000.00	
50 shares of Manitoba & Saskatchewan Coal Ltd.	230.00	
222,000 shares of Royal Canadian Ventures Ltd.	<u>43,535.00</u>	\$ 239,907.00
\$35,000 Government of Canada Bonds 4½% Sept. 1/83	36,476.10	
\$290,000 Government of Canada Bonds 3% Sept. 15/66	<u>185,700.00</u>	<u>222,176.10</u>
		<u>\$ 462,083.10</u>

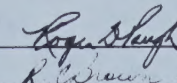
11. Names and addresses of vendors of any property or other assets intended to be purchased by the company showing the consideration to be paid.	None.																					
12. Names and addresses of persons who have received or will receive a greater than 5% interest in the shares or other consideration to be received by the vendor. If the vendor is a limited company, the names and addresses of persons having a greater than 5% interest in the vendor company.	None																					
13. Number of shares held in escrow or in pool and a brief statement of the terms of escrow or the pooling agreement.	None																					
14. Names and addresses of owners of more than a 5% interest in escrowed shares and their shareholdings (If shares are registered in the names of nominees or in street names, give names of beneficial owners, if possible.)	None																					
15. Names, addresses and shareholdings of five largest registered shareholders and if shareholdings are pooled or escrowed, so stating. If shares are registered in names of nominees or in street names, give names of beneficial owners, if possible, and if names are not those of beneficial owners, so state.	<table><tr><td>Royal Canadian Ventures Ltd., Calgary</td><td>1,143,854 shares</td></tr><tr><td>Dynamic Petroleum Products Ltd., Calgary</td><td>1,123,988</td></tr><tr><td>*James Richardson & Sons Ltd., Winnipeg</td><td>231,319</td></tr><tr><td>*Doherty Roadhouse Company Ltd., Toronto</td><td>81,321</td></tr><tr><td>*A. E. Ames & Co. Ltd., Toronto</td><td>63,771</td></tr></table> <p>* no knowledge of beneficial owners</p>	Royal Canadian Ventures Ltd., Calgary	1,143,854 shares	Dynamic Petroleum Products Ltd., Calgary	1,123,988	*James Richardson & Sons Ltd., Winnipeg	231,319	*Doherty Roadhouse Company Ltd., Toronto	81,321	*A. E. Ames & Co. Ltd., Toronto	63,771											
Royal Canadian Ventures Ltd., Calgary	1,143,854 shares																					
Dynamic Petroleum Products Ltd., Calgary	1,123,988																					
*James Richardson & Sons Ltd., Winnipeg	231,319																					
*Doherty Roadhouse Company Ltd., Toronto	81,321																					
*A. E. Ames & Co. Ltd., Toronto	63,771																					
16. Names, and addresses of persons whose shareholdings are large enough to materially affect control of the company.	Royal Canadian Ventures Ltd., 210 Fina Building, Calgary, Alberta Dynamic Petroleum Products Ltd., 210 Fina Building, Calgary, Alberta																					
17. If assets include investments in the shares or other securities of other companies, give an itemized statement thereof showing cost or book value and present market value.	<table><tr><td></td><td>Cost</td><td>Market Value</td></tr><tr><td>3 Class "B" Alberta Trunk Line Company</td><td>\$ 15.00</td><td>\$ 15.00</td></tr><tr><td>East Leduc Syndicate</td><td>2.00</td><td>Nil</td></tr><tr><td>25,000 shares Dynalta Oil & Gas Co. Ltd.</td><td>6,125.00</td><td>5,500.00</td></tr><tr><td>800,000 shares Dynamic Petroleum Products Ltd.</td><td>190,000.00</td><td>1,152,000.00</td></tr><tr><td>50 shares Manitoba & Saskatchewan Coal Ltd.</td><td>230.00</td><td>230.00</td></tr><tr><td>222,000 shares Royal Canadian Ventures Ltd.</td><td>43,535.00</td><td>79,920.00</td></tr></table> <p>As disclosed in Dynamic Petroleum Products Ltd. Filing Statement No. 1383 dated December 22, 1965, the shares of Dynamic Petroleum Products Ltd. shall not be sold, loaned, distributed, transferred or dealt with in any manner whatsoever without the prior consent of the Toronto and Canadian Stock Exchanges. During the period November 3 to December 16, 1965 during which Mill City acquired 222,000 shares of Royal Canadian Ventures Ltd., none of the Directors of Mill City, Dynamic Petroleum Products Ltd., Royal Canadian Ventures Ltd. sold shares of Royal Canadian Ventures Ltd.</p>		Cost	Market Value	3 Class "B" Alberta Trunk Line Company	\$ 15.00	\$ 15.00	East Leduc Syndicate	2.00	Nil	25,000 shares Dynalta Oil & Gas Co. Ltd.	6,125.00	5,500.00	800,000 shares Dynamic Petroleum Products Ltd.	190,000.00	1,152,000.00	50 shares Manitoba & Saskatchewan Coal Ltd.	230.00	230.00	222,000 shares Royal Canadian Ventures Ltd.	43,535.00	79,920.00
	Cost	Market Value																				
3 Class "B" Alberta Trunk Line Company	\$ 15.00	\$ 15.00																				
East Leduc Syndicate	2.00	Nil																				
25,000 shares Dynalta Oil & Gas Co. Ltd.	6,125.00	5,500.00																				
800,000 shares Dynamic Petroleum Products Ltd.	190,000.00	1,152,000.00																				
50 shares Manitoba & Saskatchewan Coal Ltd.	230.00	230.00																				
222,000 shares Royal Canadian Ventures Ltd.	43,535.00	79,920.00																				
18. Brief statement of any lawsuits pending or in process against company or its properties.	None																					
19. The dates of and parties to and the general nature of every material contract entered into by the company which is still in effect and is not disclosed in the foregoing.	None, other than those required in normal producing operations.																					
20. Statement of any other material facts and if none, so state. Also state whether any shares of the company are in the course of primary distribution to the public.	None. No shares of the Company are in the course of primary distribution to the public. See Schedule "B" on page 2.																					

DATED January 25, 1966

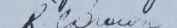
CERTIFICATE OF THE COMPANY

The foregoing, together with the financial information and other reports where required, constitutes full, true and plain disclosure of all material facts in respect of the matters referred to in Item 1 above and in respect of the company's affairs and there is no further material information applicable. (To be signed by two principal signing officers who are directors and the corporate seal to be affixed.)

"R.D. Paugh"

 PRESIDENT
CORPORATE SEAL

"R.C. Brown"

 SECRETARY-TREASURER

CERTIFICATE OF UNDERWRITER OR OPTIONEE

To the best of my knowledge, information and belief, the foregoing, together with the financial information and the reports where required, constitutes full, true and plain disclosure of all material facts in respect of the matters referred to in Item 1 above in respect of the company's affairs. Concerning matters which are not within my knowledge, I have relied upon the accuracy and adequacy of the information supplied to me by the company. (To be signed by underwriter or optionee registered with the Ontario Securities Commission or a corresponding body.)

